

Automotive News

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Audi plans to cut 100 U.S. dealers

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Audi of America will tell its 365 dealers at its annual sales meeting in Dallas this week that it plans to eliminate up to 100 "non-performing dealers" by 1992. Audi may decide to leave some of those points open.

The purge is not an idle threat, according to Audi.

"We want to get rid of these players because they're depreciating the value (of the Audi franchise)," said Richard L. Mugg, vice president of Volkswagen of America in charge of Audi of America. "It's nothing personal. We'll just tell them to give us back our signs and parts, and we'll have a straightforward parting."

How straightforward it will be to strip Audi franchises based on non-performance remains untested, but when Audi rids itself of the dead-weight dealers, it will have support from its strong national dealer advisory council.

"We can only afford to have a dealer on board who will positively project the image of Audi," said Wolfgang Rietzl of Rietzl Audi in Norwell, Mass., the council's



Richard L. Mugg

Northeast representative. "(These dealers are) not good for the franchise, not good for other dealers and not good for the customer."

The move reflects increasing confidence by Audi in the franchise's apparent revitalization, a confidence that will be played up during the dealer meeting.

Also on the Dallas agenda is a plan to keep good salesmen in the Audi franchise system with a long-term bonus program, an outline of current and future incentive plans and an introduction to Audi's 1990 advertising campaign.

Unlike other dealer meetings where the company showed off future products, Mugg said no new products will be on hand.

He said Audi's 365 dealers can see AUDI, page 34

Chrysler works on small car

Big mpg needed if CAFE rises

By Mary Connolly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Motors is accelerating development of a new small-car platform and has abandoned its strategy of using a built-up import as an entry-level vehicle because of mounting government pressure for fuel-efficient fleets.

Chrysler's development of a small-car platform is one of several alternatives under study as the company anticipates corporate average fuel economy standards of about 30 mpg by 1995.

The company is also investigating producing a small car in a joint venture with its partner Mitsubishi Motors, and it is studying the possibility of deriving a car from the JJ small sport-utility-vehicle platform that is being developed with Renault.

Chrysler must produce a small car with 75 percent North-American content in order to use the fuel-efficient vehicle to meet anticipated increases in CAFE standards for domestic-car fleets.

Chrysler Motors President Robert Lutz confirmed that the company is accelerating engineering see CHRYSLER, page 33



Chrysler exec Robert S. Miller called the sale "a good business decision."

Chrysler trims Mitsubishi stake

By Mary Connolly
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Corp. will use the \$310 million raised from the sale of some of its stock in Mitsubishi Motors Corp. to provide a cash cushion for the programs on its corporate agenda.

But Chrysler executives insist the company's decision to reduce

its financial holding in Mitsubishi will not affect Chrysler's commercial relationship with its Japanese partner.

Chrysler said Friday it would reduce its stake in Mitsubishi from 21.8 percent to 12.1 percent.

Wall Street analysts recently have been urging Chrysler to make such a sale as Mitsubishi stock rose see CUSHION, page 33



AUTOMOTIVE NEWS/JOE WILSON



The Lumina sedan and Dodge Dakota pickup are among 1990 models already being marketed with rebates.

Incentives greet 1990 models

Dodge trucks carry rebates; GM ties cash to option packages

By Michelle Krebs and Arlene Sawyers
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Domestic automakers are starting the new model year with a bang by offering opening-day incentives on 1990 models in an effort to avoid the dismal fourth quarter that some analysts have forecasted.

General Motors announced incentives on some 1990 vehicles Friday and also scheduled downtime at six assembly plants.

GM's 1990 incentives include low-interest financing and rebates. David E. Lahti, Oldsmobile gen-

eral sales and service manager, said the incentives are to provide a "blockbuster beginning" to the new model year, which starts Thursday for GM.

Most finance rates on are higher than those in GM's "Big Easy" cleanup program, which expires Wednesday. They are: 6.9 percent for 24 months; 8.9 percent for 36 months; 9.9 percent for 48 months; and 10.9 percent for 60 months. The former rates were 2.9, 5.9, 6.9 and 10.9.

Buick and Oldsmobile cash rebates range from \$200 to \$1,000

depending on the option package ordered. GMC is offering a \$1,000 rebate on S-15 pickup trucks and a \$1,250 rebate on S-15 Jimmy sport-utilities. All programs run indefinitely.

Pontiac and Chevrolet also were expected to announce incentive programs by today.

Earlier this month, Chevrolet introduced \$750 cash rebates on 1990 Lumina sedans. An \$800 cash rebate on the 1990 Geo Prizm has been in effect for two months.

Cadillac didn't announce incentives see REBATES, page 36

Rev. Moon's church behind Panda Motors plant in China

The Unification Church has joined a former U.S. diplomat and a major Korean industrial concern in an effort to create China's biggest car manufacturing facility.

The project, promoted by the little known Panda Motors Corp. of

Vienna, Va., calls for production of 300,000 passenger cars a year by 1995 at a factory in Guangdong Province.

The factory's entire output — more than 10 times that of Volkswagen-Shanghai, currently China's biggest automaker — is destined for export as "the least expensive, most durable car on the world market," said a U.S. government source.

The official China News Service reported the first stage of the \$250

million project will be completed in 1995. The first cars were scheduled for production next year, but sources close to the project now say they will not appear until 1991.

The car — for which a retail price of \$4,000 has been mentioned by U.S. government sources who are following the project — will be powered by a four-cylinder engine in the 1,250 to 1,500 cc category.

Corporate registration documents filed in Delaware reveal that the treasurer of Panda Motors is

Pak Bo-Hi. He is also chairman of Newsworld Communications, which publishes the Washington Times and is controlled by the Unification Church. Pak, a former South Korean military attaché, is the chief aide to the founder of the Unification Church, the Rev. Sun Myung Moon.

Although Chinese officials last week confirmed plans for a 300,000-unit assembly plant and few other details, some U.S. and Korean trade officials remain scepti-

cal. The doubt centers on the apparent absence in the project of an established automaker to supply technology and components, and the uncertainty of operating in the People's Republic of China.

One reason for Korean investors to operate through a U.S. corporation like Panda Motors is that South Korea has no diplomatic relations with China.

By establishing the plant in the name of a U.S. company, the in-

see PANDA, page 34

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Dealers distressed:

The company created by Republic Insurance to service its warranty policies is overwhelmed. Page 33.

Six GM plants close:

General Motors will close six plants in October to balance production with sales. Page 37.

EPA lists pros, cons of methanol

Smaller engines, less pollution but lower mpg, higher prices

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Methanol-powered vehicles could be lighter than cars that run on gasoline and have smaller powertrains and cooling systems, the EPA said in a new study.

Methanol fuels also could be sold today at prices competitive with gasoline and at even lower prices in the future, the EPA said. But the use of methanol would also require changes to fuel and exhaust systems that could make cars more expensive.

The study, released last week, is the first of a series of EPA reports on alternative fuels being prepared as Congress considers President Bush's Clean Air Act proposals. The Bush plan calls for alternative fuels or reformulated gasoline to reduce air pollution.

Reports on other alternative fuels are scheduled to be released before February. A report on reformulated gasoline also is expected.

The EPA analysis assumes that Bush's Clean Air Act proposal, which would require 500,000 alternative-fuel vehicles to be sold in the 1995 model year and 1 million to be sold annually from 1997 through 2004, will be enacted.

The chief environmental benefit of methanol will be significant improvements in the ozone levels of the most polluted areas of the country and also a reduction of toxic pollutants, EPA said. EPA estimated that methanol fueled cars will reduce emissions of pollutants that react to form ozone — a chief ingredient in smog — by 30 to 80 percent compared with gasoline-powered cars.

In the long run, EPA said, "methanol should be used in its pure form, known as M100, because of its superior environmental benefits."

EPA's environmental analysis assumes that flexible fuel vehicles — those that can run on gasoline or methanol — will be used from 1995 to 1999 and M100-dedicated vehicles will be sold thereafter.

The use of M100 in an engine that makes full use of methanol's favorable characteristics, EPA said, "will allow use of a smaller, lighter engine that delivers the same power as the engine it replaces."

Such an engine, EPA said, will permit use of lighter body and suspension components. If a less-powerful engine is used in the lighter car, lighter-duty drivetrain components can also be used, EPA said. A

smaller engine would also allow the use of a smaller catalytic converter.

The combustion of methanol rejects less heat to the engine's cooling system and exhaust system than gasoline. As a consequence, "it will clearly be possible to reduce the size of the conventional radiator substantially and it may even be possible to eliminate the conventional radiator, fan and controls completely and rely on only the heater core for engine heat rejection," the EPA report said.

Offsetting the savings from smaller, lighter components are the added costs of a fuel system that can withstand the corrosive effects of methanol, sophisticated fuel injection needed for satisfactory cold starts and formaldehyde controls that may lead to more expensive catalytic converters.

Methanol has half the energy value of gasoline and, even with the added efficiency, a methanol vehicle would require a larger fuel tank.

Flexible-fuel vehicles will cost consumers \$300 more per vehicle, EPA predicted.

Given today's methanol prices, the report predicted that M85, the mixture of 15 percent gasoline and 85 percent methanol that is likely to be used as a near-term alternative fuel, could be sold for \$1.14 to \$1.24 for a quantity that would provide the energy of a gallon of gasoline.

EPA assumes that a vehicle dedicated to run on methanol use could use fuel 30 percent more efficiently than a gasoline vehicle and projected that the methanol equivalent to a gallon of gasoline in such a vehicle would cost 92 cents to \$1.03 per gallon.

With high-volume production, EPA estimated that methanol could become available at the retail pump for 55 to 57 cents per gallon. If the methanol vehicle is 5 percent more efficient than the equivalent gasoline-powered unit, the cost equivalent of a gallon of gasoline could be \$1.05 to \$1.09 per gallon, EPA said. If efficiency is improved by 30 percent, the equivalent methanol cost could be 85 to 88 cents per gallon.

Future increases in the price of crude oil and gasoline will likely cause natural gas prices — the basis for methanol fuel — to rise, too, but at a lesser rate, EPA predicted. That would result in increased methanol market share or suppressed gasoline prices, all to the benefit of the U.S. economy.



Flat Rock builds first Mazda 626

Osamu Nobuto, president of Mazda Motor Manufacturing (U.S.A.) Corp., drives the first Mazda 626 off the line at its Flat Rock, Mich., plant. Plans call for 5,000 626 four-door sedans to be built monthly.

Ford maps programs to improve CSI rating

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

While its corporate advertising campaign boasts that Ford Motor Co. has built the highest quality cars and trucks in North America for nine consecutive years, the company is becoming increasingly concerned about its performance in the customer service end of its business.

The company is taking steps to improve that performance.

Ford's relatively low service scores on J.D. Power's annual Customer Satisfaction Index as well as internal studies have befuddled Ford executives, who have watched the company rack up a series of successful product launches and record profits in recent years.

In its internal CSI rating system called Quality Commitment Performance, Ford and Lincoln-Mercury dealers have improved steadily in the last three years but have fallen short of achieving the average overall score of eight set as a goal last year. National average Quality Commitment Performance scores were 6.73 in 1986, 7.07 in 1987, 7.31 in 1988 and 7.60 through June 1989.

The last time Ford Division was listed among J.D. Power's top makes was in 1986 when the division ranked 16th among 30 makes. In 1989, Ford Division was 25th among 36 makes, up from 28th in 1988.

Mercury ranked 16th in 1989, 18th in 1988 and 10th in 1987.

Lincoln placed sixth in the 1988 survey, 12th in the 1987 survey and fifth in the 1986 survey.

Ford officials have complained that the Power survey is not balanced and asks more questions on service-related items than on product items.

"It's more of a service satisfaction survey than a customer satisfaction survey," said Ross Roberts, L-M general manager, at a press luncheon during L-M's dealer introduction show in Atlanta last month.

Ford officials say makes like Acura and Mercedes, which score very well in the Power CSI survey, do not have as large an owner base as Ford and L-M. Ford and L-M dealers often cannot handle the large amount of service business and are sometimes land-locked and cannot expand their service facilities.

"Since the mid-1980s, we have seen our sales volume rise substantially, but we did not increase the number of service bays available to service those cars and trucks; what we have is an undercapacity situation," said a Ford parts and service division spokesman.

All levels of the company are said to be involved in the push for higher CSI numbers. The company spent "a huge amount of time and

see FORD CSI, page 34

Nissan plans to hike overseas output, cut exports

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Nissan Motor Co. will reduce exports in favor of overseas production, and will increase imports in order to promote international cooperation.

The Ministry of International Trade and Industry praised the move as an effort to reduce trade friction.

Nissan exported 1.09 million vehicles in the 1989 fiscal year, which ended March 31. That exceeded

overseas production by a 2-to-1 margin. Nissan said that by 1992, it will reduce exports by 90,000 units to 1 million, but overseas sales will expand to a projected 1 million — an increase of 430,000.

The company said it hopes to reverse the ratio between exports and locally-built vehicles in overseas sales to 1 to 2 by the end of the 1990s. At that stage, Nissan hopes to be making a 2 million units a year overseas.

Imports will double the current

value of \$370 million by fiscal 1992. By the end of the 1990s, Nissan's imports will equal 10 percent of the vehicles it makes in Japan.

The company is also considering importing the Volkswagen Passat for sale in Japan. Plans call for production of the Passat in Japan, starting in 1991, with a target of 8,000 annually.

The Passat imports would be in addition to that. Nissan has been producing the Santana in Japan since 1983, averaging 12,000 units a year.

Mercedes to open California design center in 1990

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

STUTTGART, West Germany — Mercedes-Benz AG plans to establish a design center in Southern California next year. The facility will be the first-ever U.S. studio operated by a European carmaker.

The new Mercedes styling center is part of an effort to draw closer to the U.S. market, according to Juergen Hubbert, head of the passenger-car division.

The studio will be under the supervision of Mercedes' car styling center in Stuttgart, which is headed by design chief Bruno Sacco.

Hubbert said the California styling center will contribute ideas to all future Mercedes car projects after the new W140 — the S-class replacement slated for introduction in late 1990.

"The W140 is ready," said Hubbert. "But as for the cars after the W140, maybe we will have some

details from this group."

But he emphasized that Mercedes cars will never lose their German engineering and design heritage.

"A Mercedes is a car made in Germany," said Hubbert. "But we have to do other things."

The move reflects the importance of the U.S. market for Mercedes as it prepares to do battle with Japan's two new luxury divisions, Toyota's Lexus and Nissan's Infiniti.

It also suggests a growing influence of Mercedes-Benz of North America on product planners in Stuttgart.

The U.S. officials sat down with top German executives earlier this year to stress the need to better meet U.S. market demands in the face of a slumping European luxury-import segment and the new Japanese threat.

"We want to be nearer to your market," said Eberhard Herzog,

who is responsible for worldwide passenger-car sales at Mercedes-Benz.

Hubbert said the new styling center will begin operations next year, though he declined to say precisely when it will open nor where it will be located. However, he said the studio will be in California.

A Mercedes spokesman, when asked for details, later said it is "rather early" and that is "absolutely not known" where the facility will be.

Hubbert said the studio will be staffed with stylists from both the United States and Germany.

He said he does not know how big the operation will become, but he said it will start with a small group.

Other European companies are known to be toying with setting up a California studio.

IDEA Institute of Turin, Italy,

which designed about 14 vehicles that either are being produced or will be by 1992 in Europe, is weighing prospects for a West Coast facility at the urging of European clients. It would be the first California studio for a leading Italian styling house.

The Big 3 and several Japanese carmakers operate studios in California. Some European firms have affiliations with California design schools.

Volkswagen has had design staffers in the United States and maintains contacts with California schools.

But chief stylist Herbert Shaefer said earlier this year that VW has decided against setting up a styling studio in California.

BMW Product Development Chief Wolfgang Reitzle last week said BMW, which also has ties to California design schools, does not currently plan a U.S. studio.

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Acura, Nissan, Daihatsu pace import gainers

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Nissan, Acura and Daihatsu paced the relatively sparse number of winners among imports in sales for August and the first two-thirds of 1989.

Japanese car importers as a group posted a strong August, up 11.32 percent from last year. That cut the year-to-date falloff in sales of Japanese imports almost in half.

Considering the rapid growth of production in North America by Japanese transplant and joint-venture assembly plants, the nine Japanese automotive marketers in the United States are outperforming the overall new-car sales rate.

So far in 1989, Daihatsu, Acura and Nissan imports are posting double-digit percentage gains. Other gainers include Volvo, the only European importer ahead of last year's sales; Mitsubishi; Ford Festiva, imported from Kia of South Korea and a newcomer to the positive side; and Honda, up 1.65 percent for the year after a 27.96 percent jump in August.

Six imports slipped for the year but are outperforming the import market as a whole, which dropped 6.52 percent for the first eight months. They range from Subaru, off 0.59 percent, to Jaguar, down 5.21 percent. Others are Chevrolet's Geo, Mazda, BMW and Volkswagen.

Those posting larger losses than the overall market include Isuzu, down 21.08 percent through August; Mercedes-Benz, off 14.38 percent; Peugeot, down 7.56 percent; Pontiac LeMans (from Korea's Daewoo), off 8.89 percent; Saab, which slipped 12.03 percent; and Toyota, off 16.16 percent. That group also includes Audi, off 17.55 percent for the year after plunging 46.65 percent in August.

Chrysler's imports from Japan's Mitsubishi Motors were off 19.01 percent through August. The trend may continue for the rest of the year because Chrysler has traded some of its Japanese imports to Mitsubishi Motor Sales of America in return for a larger allocation of Lasers from Diamond-Star, the Mitsubishi-Chrysler joint venture plant in Normal, Ill.

Seven companies posted major losses for the eight-month period on a percentage basis.

Hyundai is reducing its monthly losses as it starts to get a better supply of Sonata, and redesigned 1990 Excels will begin to trickle into the sales numbers starting this month and in October, but the company was off 30.94 percent for eight months.

The others are all Europeans: Alfa Romeo, Merkur, Sterling, Porsche and Maserati. Yugoslavia's Yugo was off 68.73 percent for the first eight months.

European imports as a whole declined 12.88 percent for that period.

IMPORT CAR SALES BY MODEL

	Aug 1989	Aug 1988	8 Mos. 1989	8 Mos. 1988		Aug 1989	Aug 1988	8 Mos. 1989	8 Mos. 1988
ACURA	14,871	12,448	98,696	84,815	Starion	35	319	613	2,285
Integra	7,977	6,106	55,739	39,756	Cordia	6	740	358	4,374
Legend	6,894	6,342	42,957	45,059	Tredia	2	21	12	455
ALFA ROMEO	260	386	2,188	3,433	Mirage	2,960	1,606	13,847	8,681
Milano	100	190	809	1,711	Galant	3,283	2,368	22,480	13,401
Spider	160	196	1,379	1,722	Precis	2,056	1,736	12,613	14,779
AUDI	1,718	3,220	13,688	16,601	Van/Wagon	244	816	1,381	4,611
4000	2	38	91	520	NISSAN	39,526	29,986	285,381	245,669
5000	17	741	289	6,665	Sentra	11,882	12,015	86,241	96,369
80	259	763	3,116	4,243	Pulsar	2,619	4,119	19,021	35,211
90	232	907	3,343	4,308	Stanza	3,488	3,003	30,822	32,545
V8 Quattro	130	0	377	0	Axxess	1,762	0	5,258	0
Coupe Quattro	66	0	144	0	Maxima	10,543	6,565	73,451	48,717
100/200	875	580	5,004	651	240SX/200SX	6,053	2,843	49,890	15,681
100/200 Quattro	137	191	1,324	214	300ZX	2,666	1,220	18,176	14,476
BMW	5,619	6,563	45,486	47,262	Hawaii	513	221	2,522	2,670
3-Series	2,813	3,119	22,554	25,000	PEUGEOT	660	573	4,242	4,589
5-Series	1,476	1,711	13,732	10,370	PONTIAC LeMans	4,401	4,642	37,175	40,803
635 CSI	154	214	1,118	1,283	PORSCHE	955	1,247	6,677	11,389
7-Series	1,059	1,253	6,770	8,726	924S	9	371	100	1,976
M3	95	166	732	1,230	944	118	216	940	2,546
M5	4	34	246	268	944S	83	28	293	320
M6	18	66	334	385	944 Turbo	86	112	527	1,256
CHEVROLET/GEO	14,223	11,078	81,928	85,918	911 Coupe/Carrera 4	225	217	1,723	2,220
Spectrum	10,146	6,022	44,223	52,891	911 Turbo	89	78	915	775
Metro	4,077	5,056	37,705	33,027	911 Cabriolet/Speedster	292	130	1,618	1,325
CHRYSLER MOTORS	8,156	11,161	72,370	89,352	928S	53	95	561	971
Colt	4,230	7,009	39,913	57,824	SAAB	3,788	4,019	23,643	26,876
Conquest	387	762	4,233	7,442	900	1,091	717	4,752	4,557
Medallion	76	900	3,651	9,927	900S	1,339	1,122	5,945	7,222
Summit	2,143	573	14,184	573	900 Turbo	721	1,087	6,288	6,528
Vista	1,120	1,917	9,296	13,586	9000S	253	376	1,975	2,391
TC	200	0	1,093	0	9000 CD	185	0	2,268	0
DAIHATSU	1,326	1,152	9,368	7,545	9000 Turbo	179	677	2,195	5,526
FORD Festiva	6,330	5,575	49,757	47,698	Tourist	20	40	220	652
HONDA	26,362	29,602	168,584	165,842	STERLING	305	930	4,126	6,583
Civic/CRX	5,541	6,536	41,768	73,186	SUBARU	14,023	14,515	101,111	101,710
Accord	14,727	12,224	92,668	60,908	Hatchback	162	422	2,259	3,993
Prelude	6,094	1,842	34,148	31,748	3-Door	421	939	6,990	5,771
HYUNDAI	20,552	25,119	132,440	191,772	4-Door Sedan	987	2,776	26,030	20,626
Excel	16,478	25,119	113,360	191,772	Legacy	5,232	0	14,358	0
Sonata	4,074	0	19,080	0	Loyale	1,837	0	7,537	0
ISUZU	2,264	3,197	13,718	17,382	XT/XT6	1,878	1,595	9,510	9,947
I-Mark	1,573	2,248	9,595	11,513	Station Wagon	895	6,420	19,236	43,189
Impulse	691	949	4,123	5,869	Justy	2,611	2,363	15,191	18,184
JAGUAR	1,563	1,645	12,400	13,081	SUZUKI	761	0	4,000	0
XJ6	1,177	1,211	9,465	9,891	TOYOTA	58,090	58,466	336,465	401,546
XJS	386	434	2,935	3,190	Corolla	14,405	14,238	82,438	101,641
MASERATI	20	30	200	590	Tercel	10,560	9,746	65,249	62,318
MAZDA	23,809	20,872	153,358	156,096	Celica	5,456	6,568	37,936	45,551
323	5,056	8,803	49,004	63,641	Supra	1,869	1,615	11,543	95,049
Protege	580	0	580	0	Cressida	4,336	1,067	16,402	7,878
626	5,807	6,473	39,403	46,538	Land Cruiser	479	302	3,645	4,745
MX-6	60	602	2,119	6,896	Van	419	392	3,226	3,858
Miata	5,029	0	10,890	0	4Runner SR 5	4,692	2,240	17,205	14,716
929	1,895	2,667	14,076	18,217	MR2	540	657	3,952	6,060
RX-7	1,550	2,318	12,340	20,795	VOLKSWAGEN	11,117	14,272	94,632	99,297
MPV	3,832	9	25,018	9	Cabriolet	943	1,376	7,951	9,782
MERCEDES BENZ	6,776	6,799	49,444	57,745	Corrado	100	0	100	0
190	1,388	1,650	9,541	12,506	Jetta	4,393	4,186	38,241	38,098
260E	562	454	3,345	4,783	Golf/GTI	2,061	2,267	16,451	4,266
300	1,784	1,459	14,421	14,484	Vanagon	481	407	3,791	3,996
300 SE	568	656	4,512	2,892	Quantum	26	376	882	2,080
300SDL Turbo	0	1	2	89	Scirocco	11	476	845	2,423
300SEL	358	224	2,704	3,827	Fox	3,102	5,184	26,371	38,652
420SEL	692	627	4,490	5,839	VOLVO	10,553	9,625	72,769	68,015
560SEL	384	443	3,252	3,592	240 Series	4,234	4,001	29,965	28,871
560SL	833	1,004	5,659	8,071	740 Series	4,871	3,944	32,491	29,616
560SEC	147	118	982	1,061	760 Series	1,069	1,408	8,463	7,875
Tourist	60	163	536	601	780	261	190	1,356	1,116
MERKUR	436	1,756	6,006	10,138	Tourist	118	82	494	537
XR4Ti	321	477	3,474	3,514	YUGO	937	3,504	7,348	23,496
Scorpio	115	1,279	2,532	6,624	IMPORT TOTAL	287,987	281,988	1,938,684	2,073,829
MITSUBISHI	8,586	7,606	51,304	48,586					

Volkswagen has reported sales of U.S.-built Golf and GTI models as imports after June 30, 1988.

Compiled by Karen Detkowski

Former UAW director Runnels re-indicted on fraud charges

DETROIT — A federal grand jury has handed down an indictment recharging Frank Runnels, a former regional director of the UAW, with mail fraud and conspiracy.

Last June, an appeals court reversed Runnels' conviction on the original indictment.

The original indictment charged that between 1978-1983, when Runnels was president of Local 22 in Detroit, he committed mail fraud that violated the membership's "intangible rights."

An earlier Supreme Court decision held that a person cannot be convicted of mail fraud affecting only intangible rights.

The new indictment charges Runnels with mail fraud and mail fraud conspiracy that deprived UAW Local 22 and its membership of property rights.

It charges that while local presi-

dent, Runnels took kickbacks from law firms in exchange for funneling worker compensation claims to them.

Education, training cost is \$1 billion for industry

HERNDON, Va. — Education is big business for the auto industry, which spends nearly \$1 billion a year on education and training for its employees.

The Automotive Information Council said approximately \$560 million of that amount is spent by the Big 3. That includes funds committed through joint education and training programs with unions.

Chrysler Corp. said it allocates nearly 10 percent of its \$117 million annual training budget to instructing employees in basic skills. General Motors said it has spent over \$1.3 billion on education and training over the past five years.



Flat floor limo

Limousine manufacturer A.H.A. Automotive Technologies Corp. of Ontario, Canada, is introducing a flat-floor design for the 1989 Lincoln Town Car. The design eliminates the hump created by the transmission tunnel and results in increased legroom, the company said. The limousine is available in 60- and 66-inch stretches and seats eight persons. The car features a sunroof, leather upholstery, curved rear-facing seat and walnut trim. Options include a Motorola telephone, electronic bar, as well as fax and copier machines.

SIZE CLASS SHARES Domestic and Import August 1989

	Total Sales	Pct. of Total
SUBCOMPACT...	263,561	27.08
COMPACT.....	243,781	25.05
INTERMEDIATE..	299,155	30.73
STANDARD.....	136,204	13.99
SPECIALTY.....	33,651	3.15
TOTAL.....	973,352	100.00

TRUCK INDUSTRY

AUGUST TRUCK SALES BY MANUFACTURER AND SEGMENT

		14,000 & LESS GVW CLASS 1-3	14,001- 16,000 GVW CLASS 4	16,001- 19,500 GVW CLASS 5	19,501- 26,000 GVW CLASS 6	26,001- 33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1989	TOTAL 1988
CHRYSLER-PLYMOUTH	MO	14,036						14,036	12,465
	YR	129,750						129,750	135,863
DODGE	MO	39,490						39,490	40,659
	YR	377,343						377,343	401,371
JEEP	MO	24,157						24,157	20,898
	YR	173,971						173,971	165,465
TOYOTA	MO	26,952						26,952	23,208
	YR	156,556						156,556	170,219
NISSAN	MO	19,817						19,817	16,875
	YR	111,609						111,609	114,848
MAZDA	MO	7,527						7,527	7,675
	YR	56,122						56,122	66,670
ISUZU	MO	11,054						11,054	9,689
	YR	64,269						64,269	56,451
MITSUBISHI	MO	3,872						3,872	2,874
	YR	27,269						27,269	30,143
SUZUKI	MO	2,569						2,569	12,208
	YR	17,419						17,419	49,756
RANGE ROVER	MO	398						398	346
	YR	3,148						3,148	2,198
FORD	MO	124,526	1,907		1,317	3,185	1,007	131,942	122,925
	YR	965,247	17,447		7,256	23,593	10,627	1,024,170	1,048,362
FREIGHTLINER	MO						2,127	2,127	1,098
	YR						16,600	16,600	14,978
CHEVROLET	MO	132,977		18	580	698		134,273	116,921
	YR	905,677		172	4,354	5,900		916,103	923,581
GMC	MO	34,103		634	606	887		35,230	32,521
	YR	243,175		2,906	3,833	8,640		258,554	268,489
KENWORTH	MO					70	1,757	1,827	993
	YR					280	12,140	12,420	10,704
MACK	MO				138	182	1,683	2,003	2,269
	YR				1,282	1,703	13,772	16,757	17,103
MERCEDES	MO				76	127		203	274
	YR				593	862		1,455	2,091
NAVISTAR	MO		11	12	778	2,981	2,412	6,194	7,923
	YR		106	95	8,231	21,560	23,854	53,846	56,452
PETERBILT	MO					37	1,534	1,571	881
	YR					370	10,986	11,356	10,184
VOLVO/GM HEAVY	MO					93	1,189	1,282	989
	YR					648	10,579	11,227	10,415
HINO	MO	18		31	47	78		175	161
	YR	160		318	357	654		1,489	1,332
NISSAN DIESEL	MO	71		58	27	50		206	168
	YR	357		499	234	431		1,521	1,372
ISUZU TRUCK	MO	358	40	19	39	49		505	501
	YR	3,660	408	133	553	465		5,219	4,353
MITSUBISHI FUSO	MO	122		53	33	60		268	229
	YR	1,102		443	224	421		2,190	1,772
SCANIA	MO						10	10	10
	YR						85	85	120
IVECO TRUCKS	MO	119	30	17	15			181	289
	YR	903	350	193	102			1,548	1,581
WESTERN STAR	MO						79	79	95
	YR						1,010	1,010	1,001
OTHER DOMESTICS	MO				16		53	69	57
	YR				124	116	573	813	581
GRAND TOTAL	MO	442,166	1,988	842	3,672	8,497	11,851	489,016	435,201
	YR	3,237,737	18,311	4,759	27,143	65,643	100,226	3,493,819	3,567,484
1988 YTD to DATE		3,345,626	13,940	5,473	37,887	70,310	94,228		

NOTE: 1988 YTD includes 10 Subaru Buses; Class 1-3 sales data reported by individual manufacturers; Class 4-8 reported by Motor Vehicle Manufacturers Assoc.

Freightliner upgrades tractor brake systems

PORTLAND, Ore. — Freightliner has made bobtail air brake proportioning valves standard equipment on all its tractors and has expanded its anti-lock braking system options.

The new features are part of its effort to improve vehicle safety. Previously available safety items include three-point restraint systems, automatic brake adjusters and right-side windows with wide-angle Fresnel lenses.

James L. Hebe, Freightliner senior vice president of sales and marketing, said the Bendix BP-R1 proportioning valve, after sensing that a tractor is bobtailing, reduces pressure in the rear brake chamber to limit wheel lockup.

The purpose is to let the front axle — which carries most of a bobtailed tractor's weight — do most of the braking. The proportioning valve then optimizes braking between axles for safer operation.

The company's new anti-lock braking system is a simpler and more affordable version of the Wabco system it has been offering.

It has four channels, rather than the six of the previous system.

In a six-channel system, sensors monitor the speeds of all six wheels. With a four-channel system, sensors are installed on four wheels, the two on the front axle and two wheels on one of the drive axles, depending on the type of suspension the truck has.

Hebe said tests showed that if the brakes on the tandem axle are well-maintained and in good balance, the stopping and stability performance of the four-channel and six-channel anti-lock braking systems are nearly identical.

The six-channel system still performs best overall, but the four-channel system provides a definite improvement in stopping and stability, he added.

The new system also offers the "Traction Plus" add-on option that automatically applies the brakes to a wheel that is just starting to spin, allowing the driver to maintain directional stability and control when accelerating from a standstill.

Freightliner introduced the more expensive six-channel system first because "after the disappointing days of mandated (anti-lock braking) systems (in the 1970s), we weren't taking any chances with a system that wasn't clearly the very best," Hebe said.

The four-channel system sells for \$1,850. Traction-Plus as an optional add-on feature is another \$575. The six-channel system is \$3,000.

Freightliner will continue to offer the latter, though it expects most customers to gravitate toward the less expensive system.

The company has sold approximately 1,200 six-channel anti-lock braking systems since introducing them in 1987.

To help bolster sales of anti-lock braking systems, Freightliner's subsidiary, Mercedes-Benz Credit Corp., is offering a 7.5 percent reduction in insurance premiums on vehicles equipped with them. Associates Commercial, the finance company recently purchased by Ford Motor Co., is also offering a 5 percent reduction in insurance premiums for vehicles equipped with anti-lock brakes.

Associates Commercial offers financing and insurance to all heavy-truck manufacturers.

TRUCK BRIEFS

New Volvo sleepers

GREENSBORO, N.C. — Volvo GM Heavy Truck introduced sleeper versions of its Volvo FE6 and FE7 tractors and trucks in the United States.

The new models are designed for regional and national transportation of high-volume, low-weight goods, according to Thomas Sokach, Volvo GM regional distribution product manager.

The new Volvo models have a compact sleeping compartment under the same roof, eliminating interior bulkheads between the cab and bunk. The bunk area has a 24-by-75-inch mattress with three feet between the mattress and the ceiling of the cab.

The FE6 and FE7 sleeper models have a bumper-to-back-of-cab measurement of 80 inches, 13.5

inches more than the non-sleeper models and weigh 145 pounds more.

New Grumman line

STURGIS, Mich. — Grumman Olson plans to introduce a line of dry freight van bodies for 1990 chassis this fall.

The new 10- to 28-foot van bodies are Grumman Olson's entry into the dry freight segment of the medium/heavy-duty truck market.

The company has been selling dry freight van bodies on cutaway chassis through Ford, GMC and Chevrolet dealers.

The new van body line will be compatible with chassis from domestic and foreign manufacturers and will be available through truck dealers and distributors throughout the United States.



Volvo GM introduces the first of its new FE6 sleeper cab models.

Makers fine-tune incentive programs; Jaguar's ends

By Ariana Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Several carmakers have adjusted their cash incentive programs while Jaguar discontinued its program last week.

General Motors divisions took the wraps off their 1990-model programs last week. They offer cash rebates or cut-rate loans (story on Page 1).

Chrysler Motors added select 1990 Dodge pickups to its consumer incentive program. It also increased rebates on 1988 and 1989 cars and trucks.

Dodge is offering a \$2,000 rebate on 1988, 1989 and 1990 two-wheel-drive and four-wheel-drive 100 and 150 pickups. The 1988, 1989 and 1990 2wd and 4wd 250 and 350 models (excluding diesel

and Club Cab) have a \$2,000 rebate as well.

The \$500 incentive on 1988 and 1989 Dakota S now includes 1990 models. The cash on 1988 and 1989 Dakota (except S and Club Cab) is increased to \$1,500 from \$1,000 and is extended to 1990 models. All 1990 model 2wd and 4wd Ram Club Cab pickups are covered by \$1,500 rebates. The 1990 Dakota Club Cab carries a \$1,000 incentive.

Chrysler car rebates are: 1988 and 1989 base Plymouth and Dodge Colt three-door models, \$500 up from \$300; 1988 and 1989 Dodge and Plymouth Colt E three-door models with manual transmission, \$750 up from \$500 (models with automatic transmissions remain unchanged at \$750);

1988 and 1989 Dodge and Plymouth Colt wagon, \$750 up from \$500; 1988 and 1989 2wd Ram 50, \$750 up from \$500; and 1988 and 1989 Dodge and Plymouth Vista, \$750 up from \$500.

Also: 1988 Dodge and Plymouth Colt DL three-door hatchback, \$1,000; 1988 and 1989 4wd Ram 50, \$1,000 up from \$750; 1989 Dodge and Plymouth Colt GT three-door hatchback, \$1,500 up from \$1,000; and 1988 and 1989 Dodge Raider, \$2,500 up from \$2,000.

Unchanged are Chrysler Conquest at \$2,000; 1988 Dodge and Plymouth Colt four-door sedan, \$500; and 1989 Eagle Summit, \$1,000.

Consumer cash on 1988 and 1989 Chrysler LeBaron (except convertible) is increased from \$1,500 to

\$2,000 and the 1988 and 1989 Dodge Daytona rebate goes from \$1,000 to \$1,500.

Cash incentives on 1988 and 1989 Dodge Omni, Plymouth Horizon, Dodge Shadow and Plymouth Sundance are reduced from \$1,500 to \$750.

Alternative financing through Chrysler Credit Corp. remains unchanged. The 0.0 percent financing on loans of one to 24 months on 1988 and 1989 Chrysler New Yorker Landau and LeBaron coupe (except convertible), Dodge Daytona and Dodge conversion vans, Eagle Premier and Jeep Grand Wagoneer remains in effect.

Finance rates for Cherokee and Wagoneer Limited are: 4.9 percent for one to 24 months; 7.9 percent for 25 to 36 months; 10.9 percent for 37 to 48 months; and 11.9 percent for 49 to 60 months.

For the rest of the vehicles in the incentive program the finance rates are: 2.9 percent for one to 24 months; 5.9 percent for 25 to 36

months; 6.9 percent for 37 to 48 months; and 10.9 percent for 49 to 60 months.

Chrysler Motors incentives run indefinitely.

Ford Motor Co. increased the customer cash on its 1989 Ford Probe GL and LX models to \$750 from \$500. The rebate on the Probe GT has gone from \$500 to \$1,000. The 1989 Ford Thunderbird SC and Mercury Cougar XR7 have received rebates of \$1,500. The Probe, Thunderbird and Cougar programs expire Oct. 4; Ford's others have no cutoff date.

In lieu of cash allowances, Ford offers special finance programs at 2.9 percent for 24 months; 6.9 percent for 36 months; 7.9 percent for 48 months; and 10.9 percent for 60 months.

Peugeot Motors of America, which previously offered dealers incentives of \$1,000 to \$2,000 on select models, is now offering \$1,000 to dealers on all of its cars.

Jaguar discontinued its \$5,000 customer rebate on Sept. 18.

INCENTIVE WATCH

	Rebates	Customer Incentives Finance Rates (Pct.) — Months —				Expiration Date	Dealer Incentives	
		24	36	48	60		Type	Expiration Date
Chrysler Motors								
Chrysler	\$500 - \$2,000	0.0*	5.9	6.9	10.9	None		
Dodge Cars	\$500 - \$1,500	0.0*	5.9	6.9	10.9	None		
Dodge Trucks	\$500 - \$2,500	0.0*	5.9	6.9	10.9	None		
Eagle	\$1,000 - \$2,000	0.0*	5.9	6.9	10.9	None		
Jeep Cherokee, Wagoneer Ltd.	\$1,000	4.9	7.9	10.9	11.9	None	\$500 - \$750, based on quota	Sept. 30
Other Jeep	\$500 - \$1,000	0.0*	5.9	6.9	10.9	None		
Plymouth	\$500 - \$1,500	2.9	5.9	6.9	10.9	None		
*2.9 percent on some models								
Ford Motor Co.								
Ford Probe	\$750 - \$1,000	2.9	6.9	7.9	10.9	Oct. 4		
Ford T-bird SC	\$1,500	2.9	6.9	7.9	10.9	Oct. 4		
Other Ford Cars	\$500 - \$1,500	2.9	6.9	7.9	10.9	None		
Ford Trucks	\$500 - \$1,250	2.9	6.9	7.9	10.9	None		
Lincoln	\$1,000 - \$1,500	2.9	6.9	7.9	10.9	None		
Mercury Cougar XR7	\$1,500	2.9	6.9	7.9	10.9	Oct. 4		
Other Mercury	\$1,000 - \$1,500	2.9	6.9	7.9	10.9	None		
Merkur	\$2,000 - \$4,000	2.9	6.9	7.9	10.9	None		
General Motors								
Buick	\$500 - \$1,500	2.9	5.9	6.9	10.9	Sept. 27	All GM divisions: Zero to \$1,000 per sale based on performance against quota. \$150 per sale if dealer elects not to participate in quota program.	Sept. 27
Cadillac	\$1,000 - \$1,500					Sept. 27		
Chevrolet Cars	\$400 - \$1,000	2.9	5.9	6.9	10.9	Sept. 27		
Chevrolet Trucks	\$400 - \$1,250	2.9	5.9	6.9	10.9	Sept. 27		
GMC	\$500 - \$750	2.9	5.9	6.9	10.9	Sept. 27		
Oldsmobile	\$1,000 - \$2,500	2.9	5.9	6.9	10.9	Sept. 27		
Pontiac	\$700 - \$1,250	2.9	5.9	6.9	10.9	Sept. 27		
Cadillac does not have a finance-rate incentive.								
Audi							\$1,800 - \$5,000, some based on quota	Sept. 30
BMW 325i		9.6	9.6	9.6		Sept. 30		
Hyundai	\$500 - \$1,000					Oct. 5		
Excel							\$300	Oct. 5
Sonata							\$500, based on quota	Oct. 5
Mitsubishi Cars							\$800 - \$2,500, based on number sold	Sept. 30
Trucks							\$300 - \$2,500, based on number sold	Sept. 30
Nissan								
Stanza	\$1,500 - \$2,000		7.9	9.9		Dec. 4		
Sentra							\$100 - \$2,000, based on quota	Dec. 4
Trucks							\$200 - \$2,000, based on quota	Dec. 4
Peugeot							\$1,000	Dec. 31
Porsche							\$3,000 - \$6,000 on 40 percent of cars sold	Sept. 30
Sterling	\$3,500 - \$5,000					Nov. 30		
Subaru	\$500 - \$3,000*					Nov. 2	\$500 - \$3,000*	Nov. 2
*Rebates go to the customer in some regions and to the dealer in other regions								
Toyota Cressida							\$1,500	Nov. 2
Volkswagen	\$500 - \$2,000	4.9	6.9	7.9	9.9	Oct. 31		

REBATES

FROM PAGE 1

tives on its 1990 models.

Chrysler Motors also announced incentives on some 1990 trucks that include increased cash rebates.

The 1990 Dodge two-wheel-drive and four-wheel-drive 100 and 150 pickups and 1990 2wd and 4wd 250 and 350 models (excluding diesel and Club Cab) are covered by a \$2,000 rebate.

There is a \$1,500 rebate on Dakota (except S and Club Cab). Dakota S has a \$500 incentive. All 1990 2wd and 4wd Ram Club Cab pickups have a \$1,500 rebate. The 1990 Dakota Club Cab is covered by a \$1,000 rebate.

Moves by GM and Chrysler likely will force Ford Motor Co. to join the fray. Some of its present incentives expire Oct. 4; others have no expiration date.

Incentives on 1990 models had been expected as auto analysts predicted soft fourth-quarter sales. Analysts speculated that hefty price hikes by the Big 3 would be used to cover the cost of more aggressive incentives.

Thomas O'Grady, an auto analyst and president of Intergrated

Automotive Resources in Wayne, Pa., said, "Without incentives, they are not going to sell cars." He agreed that GM will most likely start the 1990 incentive momentum with Chrysler and Ford close behind.

"GM is the one we keep hearing rumors about and they seem to be the most anxious," he said.

Indeed, some GM dealers early last week were anxiously awaiting the go-ahead for 1990 rebates from the manufacturer. They expressed resentment about having to use incentives to sell cars they believe are overpriced in the first place.

"We're hoping they do (announce incentives)," said a GM dealer who did not want to be identified. "For instance, Oldsmobile 98s are up \$1,000. It's hard to justify the price increase on that car."

Said another dealer: "I have a gut feeling that they (GM) have recognized that the cars are a little overpriced. Lowering the price (with rebates) means it was overpriced in the first place. Look at the Cadillac Allante. Had it been priced at \$49,900, they would have sold more of them."

NADER

FROM PAGE 2

Nader, who would rather see research on ethanol as a cleaner fuel, said methanol is the auto companies' "insurance card. It keeps the fuel cycle inside the club. The oil industry. The coal industry. The auto industry."

Nader cited the Japanese automakers for lagging in pollution control, fuel efficiency and safety.

"The technology is stagnating," he said, because the Japanese work more on production efficiency and dash panel gadgetry, rather than safety, fuel efficiency and pollution control.

Before, he said, Japanese makers were at least doing advanced research. "It was usable politically. Now we can't even use it politically. There is nothing to point to."

The Japanese are trailing U.S. makers in air bag use, Nader said. They are gradually installing them in products for the United States, but they may not be concerned about the same safety features in Japan.

"I don't get the impression they'll have the same proportion (of air bags) in this country," Nader said. "I think they're going to try to say seat belts are good enough."

There is no consumer pressure in Japan to make them take action, he said.

"But it may become a publicity issue. It's one thing selling cars abroad cheaper than they're sold here. It's another thing having a double standard for protection of life. I don't see how that's going to play."

The EPA's Motor Vehicle Emissions Control Laboratory in Ann Arbor, Mich., is examining a wide variety of Japanese vehicles powered by methanol. Just some of the M100 (100 percent methanol) and M85 (15 percent gasoline and 85 percent methanol) vehicles tested recently were a Nissan Sentra, a turbocharged Nissan Sentra, a Toyota LCS-M Carina, and a Toyota Cressida.

PRODUCTION

GM to idle six plants in October

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

General Motors will begin the fourth quarter by idling six U.S. plants in an effort to keep inventory in line with sales.

The company will close four truck plants and two car plants in October.

GM closed three plants today to adjust bulging inventory. They are: Arlington, Texas; Detroit truck; and the Pontiac West truck facility in Pontiac, Mich. Arlington will be down one week; Detroit truck, two weeks; and Pontiac West, three weeks.

The Wilmington, Del., plant, which assembles the Chevrolet Corsica/Beretta, will be idle the weeks of Oct. 2 and Oct. 9.

Slow Corsica/Beretta sales have also forced GM to schedule downtime at its Linden, N.J., plant for two weeks beginning Oct. 9. Chevrolet dealers had a 78-day supply of those models on Sept. 1.

Also, GM will close its truck plants in Moraine, Ohio, and Shreveport, La., for three weeks, beginning Oct. 2.

Last week's targeted domestic output totaled 154,387 cars, 9.12 percent more than the prior week's 141,483 and 4.67 percent above the year-ago week's 147,496.

Last week's estimated production was split as follows:

GM, 46.62 percent; Ford Motor Co., 23.98 percent; Chrysler Motors, 13.41 percent; Honda of America Manufacturing, 4.74 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 2.71 percent; Toyota Motor Manufacturing U.S.A., 2.47 percent; New United Motor Manufacturing Inc., 2.33 percent; Diamond-Star Motors, 2.04 percent; and Nissan Motor Manufacturing Corp. U.S.A., 1.70 percent.

Last week's scheduled truck production rose to 80,744, up 12.87 percent over the prior week's 71,538, when two Ford plants were down because of high inventory. Last week's total dipped 9.00 percent from the year-ago week's 88,732.

Ford's Wayne, Mich., truck plant was expected to resume output today after being idle because of a parts shortage.

Chrysler's Grand Wagoneer line at its Toledo, Ohio, plant was scheduled to resume operation after two weeks of downtime due to slow sales.

Car output rises 14% in Canada

Last week's scheduled Canadian car output of 22,388 rose 13.87 percent above the prior week's 19,661 and increased 8.06 percent over the year-ago week's 20,719.

Truckmakers planned to build 20,630 units last week, 1.75 percent above the previous week's 20,276 but 3.87 percent fewer than the year-ago week's 21,461.

Chrysler Motors' Bramalea, Ontario, plant resumed production of its Premier line today.

The plant had been idle for six weeks because of slow sales.

U.S. CAR	Week Ended Sept. 23, 1989	Week Ended Sept. 24, 1989	Week Ended Sept. 16, 1989	Sept. to Date	Jan. 1 to Sept. 23, 1989	Jan. 1 to Sept. 24, 1989
Horizon	800	1,471	153	953	22,128	59,329
Sundance	2,000	2,140	1,996	5,902	76,255	74,663
Reliant	0	2,187	0	0	0	63,969
Accclaim	2,600	0	3,215	8,826	92,668	0
Caravelle	0	0	0	0	0	9,087
Gran Fury	0	190	0	0	0	16,526
Total Plymouth	5,400	5,988	5,364	15,681	191,051	223,574
LeBaron K	0	0	0	0	0	7,912
LeBaron J	2,800	1,968	2,764	8,281	77,594	56,271
LeBaron GTS	0	243	0	0	2,946	6,838
N. Yorker C-Class	900	2,200	979	2,648	63,841	76,331
Fifth Avenue	1,900	946	2,003	5,975	12,429	22,136
Total Chrysler	5,600	5,357	5,746	16,903	156,810	169,488
Omni	900	1,470	164	1,064	23,293	58,042
Daytona	1,800	2,006	1,826	5,426	61,343	55,472
Shadow	2,000	2,254	2,034	5,955	73,405	74,227
Aries	0	2,140	0	0	0	60,677
Dodge 600	0	0	0	0	0	8,549
Dynasty	2,000	2,652	2,384	6,432	98,371	76,386
Lancer	0	153	0	0	1,528	6,592
Spirit	3,000	0	3,475	10,024	78,545	0
Diplomat	0	387	0	0	0	14,436
Total Dodge	9,700	11,062	9,883	28,901	336,485	354,381
CHRYSLER MOTORS	20,700	22,407	20,993	61,485	684,346	747,443
Escort	9,063	9,464	8,497	25,593	243,828	287,847
Mustang	3,409	4,359	0	6,098	150,159	147,660
Tempo	2,892	3,139	2,957	8,916	109,248	134,732
Taurus	7,677	8,452	6,691	17,624	261,036	288,685
Thunderbird	3,329	0	3,129	8,443	112,542	90,246
Total Ford Div.	26,370	25,414	21,274	66,674	876,813	949,170
Topaz	1,508	1,371	1,424	4,253	51,381	51,176
Cougar	2,210	0	2,293	6,482	96,271	69,686
Sable	2,922	2,737	2,970	7,065	85,553	98,029
Total Mercury	6,640	4,108	6,687	17,800	233,205	218,891
Continental	1,203	1,529	992	2,816	46,490	35,741
Mark VII	402	763	326	928	15,008	19,006
Lincoln	2,413	2,292	1,982	5,617	88,100	93,685
Total Lincoln	4,018	4,584	3,300	9,360	149,598	148,432
Total L-M Division	10,658	8,692	9,987	27,160	382,803	367,323
FORD MOTOR CO.	37,028	34,106	31,261	93,834	1,259,616	1,316,493
Skyhawk	0	631	0	0	6,913	12,850
Skyhawk/Somerset	1,730	1,113	1,756	5,200	44,295	35,663
Century	2,835	4,714	2,796	8,485	95,740	89,671
Riviera	539	580	337	1,349	13,893	5,359
Electra	2,068	1,222	2,014	6,582	58,405	60,345
LeSabre (hwd)	3,195	3,020	3,202	9,453	110,707	94,815
LeSabre (rwd)	203	234	204	615	5,161	10,123
Reatta	203	234	211	617	4,223	5,166
Total Buick	10,773	11,748	10,520	32,301	339,337	315,625
Cimarron	0	0	0	0	0	3,693
Eldorado	592	672	415	1,446	21,509	25,670
Seville	399	505	275	989	15,854	16,161
Brougham (rwd)	1,645	874	1,506	4,293	26,250	24,088
Deville (hwd)	4,847	2,607	3,840	12,553	146,263	107,275
Allante	75	75	75	165	2,242	1,304
Total Cadillac	7,558	4,733	6,191	19,446	214,118	178,191
Cavalier	7,571	7,631	6,395	19,306	261,481	263,378
Camaro	2,090	3,064	2,143	6,171	74,131	65,342
Celebrity	0	4,086	0	0	70,349	132,602
Corsica/Beretta	9,020	11,112	8,980	26,860	281,530	306,587
Caprice	3,150	4,057	3,064	9,891	133,885	152,787
Corvette	580	450	504	1,515	18,748	18,263
Total Chevrolet	22,391	30,400	21,086	63,844	840,124	936,960
Calais	1,870	3,407	1,914	5,647	66,703	82,090
Firenza	0	0	0	0	0	5,230
Cutlass Ciera	1,645	1,289	1,399	4,358	65,449	18,535
Cutlass Supreme	3,958	0	3,985	11,699	74,367	100,822
Toronado	516	292	345	1,169	6,183	11,175
88 (hwd)	3,856	3,147	2,917	8,893	99,345	112,740
88 (rwd)	183	113	190	494	5,911	8,657
Olds 98	1,523	1,087	1,362	4,266	53,355	53,209
Total Oldsmobile	13,551	9,335	12,112	36,527	371,313	392,458
Sunbird	3,538	2,320	2,716	8,896	105,080	78,000
Grand Am	4,800	5,181	4,744	14,380	176,195	171,500
Firebird	1,335	2,038	1,248	3,798	41,579	45,226
Grand Prix	3,873	4,122	3,913	11,327	95,242	97,479
Pontiac 6000	1,645	3,199	1,591	4,868	80,880	80,903
Bonneville	2,493	2,676	2,207	7,105	88,061	83,419
Safari/Parisienne	0	178	0	0	2,691	5,904
Fiero	0	0	0	0	0	13,290
Total Pontiac	17,684	19,714	16,419	50,374	550,708	555,091
GENERAL MOTORS	71,957	75,930	66,328	202,492	2,315,000	2,378,934
DIAMOND-STAR	3,157	0	2,314	8,161	52,080	0
HONDA	7,320	7,882	6,408	20,885	272,803	289,059
Civic	3,670	2,316	2,844	10,199	96,430	78,030
Accord	3,650	5,566	3,565	10,687	176,373	191,029
MAZDA	4,190	4,280	4,420	12,783	148,591	96,191
NISSAN	2,625	2,902	2,602	7,872	86,632	61,204
NUMMI	3,600	0	3,384	9,803	146,134	111,019
Corolla	1,400	0	1,330	3,756	59,137	40,531
Geo Prizm/Novo	2,200	0	2,034	5,847	86,997	70,488
TOYOTA	3,810	0	3,792	11,260	100,207	0
VOLKSWAGEN	0	0	0	0	0	35,595
Golf/GTI	0	0	0	0	0	30,042
Jetta	0	0	0	0	0	5,553
Total Cars, U.S.	154,387	147,496	141,483	429,376	5,066,189	5,035,936
Total Cars, Canada	22,388	20,719	19,661	60,467	700,545	781,885
U.S., Canada Cars	176,775	168,215	161,144	489,843	5,766,734	5,817,823
U.S., Canada Cars and Trucks	278,149	278,408	252,958	784,392	9,567,676	9,500,045

Monthly estimates may contain error of one or two units due to rounding.
* Total includes the 1994 and 1995 models.

CANADIAN CAR	Week Ended Sept. 23, 1989	Week Ended Sept. 24, 1989	Week Ended Sept. 16, 1989	Sept. to Date	Jan. 1 to Sept. 23, 1989	Jan. 1 to Sept. 24, 1989
Premier.....	1,275	1,280	0	1,275	27,241	44,877
CHRYSLER MOTORS	1,275	1,280	0	1,275	27,241	44,877
Tempo.....	3,360	3,209	3,046	9,617	96,816	128,779
Topaz.....	1,440	1,568	1,283	4,100	41,157	48,895
Crown Victoria.....	2,254	2,756	2,089	6,245	86,721	93,429
Grand Marquis.....	2,642	2,969	2,430	7,148	93,487	94,401
FORD MOTOR CO. ..	9,696	10,502	8,848	27,110	318,181	365,504
Celebrity.....	353	187	325	841	16,121	15,272
Cutlass Ciera.....	644	3,364	557	1,524	97,648	174,240
Lumina.....	4,940	0	4,672	14,196	107,855	0
Pontiac 6000.....	0	0	0	0	0	29,675
Regal.....	2,900	4,309	2,931	8,552	56,391	116,268
GENERAL MOTORS ..	8,837	7,860	8,485	25,114	278,015	335,455
HONDA.....	2,000	1,077	1,723	5,396	60,691	31,536
TOYOTA.....	400	0	437	1,109	10,623	0
VOLVO.....	180	0	168	463	5,794	4,513
Total Cars, Canada	22,388	20,719	19,661	60,467	700,545	781,885

U.S. TRUCK☆	Week Ended Sept. 23, 1989	Week Ended Sept. 24, 1989	Week Ended Sept. 16, 1989	Sept. to Date	Jan. 1 to Sept. 23, 1989	Jan. 1 to Sept. 24, 1989
Caravan.....	2,100	1,929	2,569	7,150	76,929	69,301
Dakota.....	2,200	2,813	2,198	6,480	71,679	77,002
Caravan C/V.....	200	239	111	417	5,257	9,761
Ram pickups.....	2,300	2,796	2,208	6,623	71,948	55,470
Total Dodge.....	6,800	7,777	7,086	20,670	225,813	211,534
Cherokee.....	4,400	3,816	4,403	12,970	162,329	132,420
Comanche.....	500	835	480	1,475	21,358	33,049
Grand Wagoneer..	0	350	0	260	7,774	10,116
Wagoneer.....	200	169	134	424	5,941	7,649
Total Jeep.....	5,100	5,170	5,017	15,128	197,402	183,234
Voyager.....	1,800	1,792	2,258	6,236	71,836	65,243
Town & Country ..	60	0	210	407	2,824	0
Total C-P Div.....	1,860	1,792	2,468	6,643	74,662	65,243
CHRYSLER MOTORS	13,760	14,739	14,571	42,442	497,877	460,011
Aerostar.....	4,280	5,530	4,080	12,288	165,920	149,289
Bronco.....	0	916	1,158	2,367	54,886	40,149
Bronco II.....	2,344	2,050	0	4,684	86,626	95,035
Econoline.....	4,179	5,532	0	8,112	165,198	173,527
Med./Heavy trucks	1,289	1,311	0	2,531	44,603	48,460
Light trucks.....	8,789	9,828	9,376	28,630	388,686	357,131
Ranger.....	6,789	5,260	2,071	15,336	231,070	254,950
Total Ford Div.....	27,670	30,427	16,685	73,948	1,134,989	1,118,541
FORD MOTOR CO. ..	27,670	30,427	16,685	73,948	1,134,989	1,118,541
Astro.....	3,250	4,000	3,172	9,527	120,942	129,123
Blazer.....	560	497	539	1,637	21,120	19,082
Mediums/Heavies.	130	491	259	728	8,476	15,159
P-Model.....	719	943	721	2,097	23,622	30,155
Pickups.....	7,880	9,980	8,384	24,413	301,084	257,098
S-10.....	5,085	6,655	5,072	13,046	192,697	222,797
S-10 Blazer.....	3,750	4,144	3,696	10,191	141,368	121,004
Sportsvan/Van.....	1,630	2,004	1,641	4,950	71,916	69,574
Suburban.....	1,450	1,248	1,420	4,329	58,622	51,159
Total Chevrolet ..	24,454	30,162	24,904	70,918	936,128	915,151
Jimmy.....	145	165	158	469	6,239	5,506
Mediums/Heavies.	262	627	713	1,546	14,096	28,424
P-Model.....	120	70	76	265	3,261	4,067
Pickups.....	2,035	1,942	2,383	6,959	90,400	80,276
S-15.....	1,175	1,680	1,117	4,171	44,953	50,478
S-15 Jimmy.....	1,170	906	1,186	3,305	40,024	34,417
Safari.....	1,050	1,007	1,017	3,076	32,057	32,900
Suburban.....	655	735	674	1,981	23,399	22,626
Vandura/Rally Vans	828	356	597	2,063	21,223	25,614
Total GMC.....	7,440	7,498	7,923	23,834	269,353	284,230
GENERAL MOTORS ..	31,894	37,680	32,827	94,752	1,205,481	1,199,390
NAVISTAR.....	1,630	1,744	1,646	4,747	59,663	62,863
NISSAN.....	2,340	1,412	2,359	7,213	88,080	66,361
AM GENERAL.....	450	450	450	1,440	16,740	17,010
MISCELLANEOUS ...	3,000	2,300	3,000	8,600	105,600	86,940
Total Trucks, U.S.	80,744	88,732	71,538	234,142	3,100,219	3,014,151

CANADIAN TRUCK	Week Ended Sept. 23, 1989	Week Ended Sept. 24, 1989	Week Ended Sept. 16, 1989	Sept. to Date	Jan. 1 to Sept. 23, 1989	Jan. 1 to Sept. 24, 1989
Caravan.....	3,306	2,950	3,347	10,011	105,140	103,086
Caravan C/V.....	204	218	206	615	6,438	6,391
Ram Wagon.....	660	726	504	1,702	19,628	18,545
Ram Van.....	1,680	2,167	1,900	5,363	51,445	49,816
Total Dodge.....	5,820	6,063	5,957	17,781	184,649	180,556
Voyager.....	2,574	3,040	2,616	7,797	91,633	92,681
Total Plymouth ..	2,574	3,040	2,616	7,797	91,633	92,681
Wrangler.....	1,700	1,273	1,823	5,361	60,030	58,676
Total Jeep.....	1,700	1,273	1,823	5,361	60,030	58,676
CHRYSLER MOTORS	10,194	10,376	10,396	30,930	336,312	310,207
FORD MTR. (lt. tris.)	3,040	3,477	2,589	8,622	114,681	117,558
Light trucks.....	3,655	3,683	3,473	10,827	117,322	111,997
Vans.....	1,410	1,367	1,052	3,923	42,948	47,578
Total Chevrolet ..	5,065	5,070	4,525	14,759	160,270	154,575
Light trucks.....	1,591	1,612	1,931	4,961	51,792	55,605
Vans.....	540	682	658	1,493	20,480	21,538
Total GMC.....	2,131	2,264	2,589	6,465	72,242	77,343
GENERAL MOTORS ..	7,196	7,334	7,084	21,214	232,512	231,916
NAVISTAR.....	300	274	197	692	6,418	6,346
Total Trks., Canada	20,630	21,461	20,276	61,908	691,923	688,071
U.S., Canada Trks.	101,374	110,193	91,814	296,750	3,801,142	3,682,222

— includes window van production — Estimated
Jeep includes commercial only. All General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, White-Motors, International, Fordover, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain part of one or two units due to rounding.

Automotive News

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Sour sales spur Suzuki U.S. shakeup

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

BREA, Calif. — A housecleaning at American Suzuki has left the company without its top American managers and has put Japanese executives in charge of operations.

Two founding members of Suzuki's U.S. automotive team, Doug Mazza and John Dorsey, were among three American managers who abruptly resigned last week. And the president of the automotive division, Toshiyuki Arai, has been reassigned to Japan.

The shakeup reinforces a pattern among overseas-based automakers: When things go sour, the home executives take control. The moves also serve as another reminder of the lingering damage from a 1988 Consumer Reports story that called the Samurai unsafe. Despite widely praised efforts in crisis control, Suzuki hasn't recovered.

Kenji Shimizu, a longtime senior managing director of Suzuki Motor Co. who was sent from Japan in July to bolster Suzuki's ailing U.S. operations, adds

the title of president to his job as chairman of American Suzuki Motor Corp. In addition to Suzuki's automotive products — the Samurai and Sidekick sport utilities and Swift subcompact — the company also sells motorcycles, outboard engines and power equipment.

Another Japanese Suzuki executive, Yoshi Fujii, starts today as executive vice president of the automotive division, Suzuki of America Automotive Corp.

Gone are three pioneers who helped launch Suzuki's U.S. automotive operations five years ago and were hailed as marketing wiz-



Mazza

see SUZUKI, page 36



AUTOMOTIVE NEWS/LANCE GRAVES

JAGUAR

Ford and GM ready to battle for share of luxury carmaker

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Ford Motor Co.'s early play for Jaguar signals the beginning of a drawn-out bidding war with General Motors for one of the world's most attractive auto marques.

The maneuvering could take a myriad of turns, but a few certainties are emerging, say industry analysts and observers: Jaguar Chairman Sir John Egan and his management team have virtually no chance of remaining independent, despite their declared intent to do so, and no one can realistically compete with Ford and GM for the prize.

Unlike Porsche or BMW, there is no controlling family to resist takeover and the lone shareholder with power to prevent a sale, the British government, appears to favor a new owner.

Furthermore, the high price that

"GM and Ford probably see it as a chance of a lifetime."

— JOHN LAWSON

Nomura Research Institute

will be commanded — Jaguar's uncertain prospects notwithstanding — is seen as prohibitive to almost everyone but the world's two largest carmakers.

"GM and Ford probably see it as a chance of a lifetime," said John Lawson of Nomura Research Institute in London. "They can probably convince themselves that this is one of those rare opportunities for which it is worth losing money for a decade."

Jaguar, which has been hit by falling sales in the United States, reported an operating loss of £2.8

million (\$4.5 million) in the first half of 1989.

Analysts expect the company to sell for £7 to £10 (\$11-\$16) per share for a total of £1.3 billion to £1.8 billion (\$2.1 billion to \$2.9 billion).

Ford announced Sept. 19 that it will take an initial stake of up to 15 percent — the maximum permitted by the British government under terms of Jaguar's 1984 privatization. That limitation, called the golden share, expires in December 1990.

The Wall Street Journal reported last week that Ford's move to buy shares on the open market was a reaction to the imminent friendly acquisition of a 30 percent stake by GM that would have required early relaxation of the golden share.

Ford's pre-emptive strike put the reported GM-Jaguar agreement on

see JAGUAR, page 33

Audi plans price cut on all '90s

Incentives slated for salespersons

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

Audi of America this week will announce across-the-board price cuts of 7-9 percent on 1990 models.

Company officials told Audi dealers last week at a Dallas meeting that Audi also will reduce wholesale parts prices to dealers and establish a cash incentive program to help keep salespeople in the Audi ranks.

Richard L. Mugg, vice president of Volkswagen of America in charge of Audi of America, told dealers Audi will announce its 1990 prices Wednesday.

Mugg also outlined a plan to rid the organization of marginal dealers, as previously reported in Automotive News.

"We're not out to cut dealers, were out to help build dealerships," Mugg told the group.

But he said Audi is losing patience with dealers who are not interested in the franchise.

The news came at Audi's annual dealer meeting, a "one-day, no-nonsense affair" last Friday that was attended by an estimated 80 percent of Audi's 365 dealers.

The 1990 pricing strategy outlined to dealers by Mugg apparently replaces cash-to-dealer incentives used during the 1989 model year.

A Midwest Audi dealer who attended the meeting said prices will be cut on all models.

He said a 1989 Audi 100 that is priced at \$28,300 will be \$26,900 for 1990 equipped with automatic transmission, driver-side air bag and ski rack.

Audi said other 1990 models will have more standard equipment than 1989 models.

see AUDI, page 33

GM to appeal \$5.2 million jury award to bankrupt Ohio dealer

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

General Motors vows to appeal a \$5.2 million award to the owner of a defunct Chevrolet dealership in Painesville, Ohio, after a jury ruled that GM forced him into bankruptcy by aiding a competing dealership.

Daniel Nester, 48, former owner of Earl Evans Chevrolet, said GM favored a nearby dealership that was partially owned by Motors Holding, a division of GMAC Financial Services, with hot-selling

new cars while withholding them from his dealership.

Charges of nepotism also shadowed the suit because relatives of GM employees worked at Classic Chevrolet in Mentor, Ohio, which opened only four miles from Nester's dealership in 1979.

The benchmark verdict could eventually cost the automaker more than \$15 million after figuring interest, attorney fees and a requirement in the state's Dealer Day in Court Act that calls for doubling jury awards won by auto dealers

against manufacturers.

Nicholas DeVito, Nester's lawyer, characterized the award as the "largest for any auto dealer against a manufacturer ever in Ohio."

The jury specifically determined that "GM failed to act in good faith" in its relations with Nester and "discriminated in its allocation of new motor vehicles," leading to the destruction of his dealership in violation of the act.

DeVito has asked for \$4.2 million in legal fees plus interest dating from 1979 when Classic opened.

Evans Chevrolet had been in business since 1954.

A GM spokesman said the company is disappointed in the outcome of the week-long trial in Lake County Common Pleas Court. The trial ended Sept. 19.

The jury found that GM discriminated against Earl Evans Chevrolet beginning in 1979 by ignoring Nester's requests for popular vehicles and giving them instead to Classic Chevrolet.

"There was also a vast disparity in order-response time," said Nes-

ter. "In some cases, Classic received cars twice as fast as I did."

Nester said Motors Holding's investment in Classic Chevrolet was about \$2 million while the dealer-operator's stake was \$150,000.

Motors Holdings invests in dealerships to aid qualified dealers who may not have enough startup capital. The investments are not intended to be permanent equity positions. Motors Holding sold its stake to dealer Jim Brown in 1981. He declined comment on the lawsuit.

see SUIT, page 33

Incentives help sales:

Sales in September's second 10-day period were up 12.7 percent, and with an extra selling day, total sales were up 26.8 percent, to 341,536 cars and light trucks. Page 16.

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Reitzle Peter Halbach

BMW won't rush new 7 to answer Mercedes S

Automotive News Staff Reporter Richard Johnson rounds up the news — and rumors — from the biennial Frankfurt auto show.

FRANKFURT, West Germany — BMW will not respond to Mercedes' new S-class by replacing the 7 series in 1992 — three years ahead of schedule — as has been speculated in Germany.

Rather, the emerging picture is a significantly larger S-class successor will find the 7 without drastic facelifting or changes, according to product development chief Wolfgang Reitzle, who said the current BMW will fit into a slightly smaller vehicle segment.

Reitzle said BMW stylists will concentrate on the exterior shape of the new 7 next year, which under BMW's development cycle means a 1994 or 1995 introduction.

Mercedes-Benz product development chief Wolfgang Peter said the new S-class is three months ahead of schedule.

Tentative plans call for the car to be shown at the Paris auto show in October 1990. Mercedes marketing executives point to a late-1990 or early-1991 sales launch.

But the S-class's scheduled 1992 model year launch in the United States could delay the public debut until the Geneva show in March 1991. Mercedes may not want an entire year to lapse between a Paris showing and the U.S. debut.

Big-engine maneuvers

A high-ranking insider says Mercedes-Benz has decided not to proceed with a V-16 engine program. A key factor, he said, is that Mercedes is convinced that rival BMW has rejected the idea.

Meanwhile, BMW's Wolfgang Reitzle said there are no plans to counter Mercedes' forthcoming 6-liter, 400-horsepower V-12 with a bigger version of BMW's 5-liter,

300-hp V-12. A 48-valve, 5.4-liter version is known to have been developed but BMW, like Mercedes, already caps its V-12's top speed in the 750i and 850i at 155 mph.

No Porsche dealer purge

Porsche AG Marketing Director Hans Halbach said the 288-member U.S. dealer network should be "closer to 200 than 300, but we aren't sitting here with a plan and I wouldn't like to pin down a number."

A network of about 325 dealers retained 30,471 cars in the United States in 1986. But sales of just over 11,000 are forecast for the 1990 model year. Halbach said he is demanding that franchise-holders make a strong commitment to the marque.

"We're not going to buy dealerships and we won't cancel anyone on a wholesale basis," he said.

928 facelift wins out

Porsche officials say they considered three options for breathing new life into the 12-year-old, range-topping 928 model that has never quite found its niche. The options were a new power package, a convertible and exterior freshening.

"We picked neither power nor a convertible," said Marketing Director Hans Halbach. "We picked optical changes that can be called a facelift."

Porsche is not revealing timing for the changes.

Subsidy rumblings

Top Mercedes-Benz officials confess to some curiosity about whether the competitively priced new Lexus and Infiniti luxury brands are being "subsidized" by Toyota and Nissan.

"There is some small question," said Juergen Hubbert, passenger-car chief at Mercedes-Benz AG. "We couldn't realize those prices."

Run-flat tire due for U.S.

After some hesitation, Mercedes-Benz has decided to offer Continental AG's ContiTireSystem run-flat tire on U.S. versions of the new SL.

Wolfgang Peter, head of passenger-car development at Mercedes-Benz AG, said timing hinges on production of the tire, though he added, "It can be next year."

The SL debuts in the United States this fall, but Mercedes is offering the system initially only in Europe. Continental has a limited sales and service network in the United States, but it is understood that Mercedes dealers might stock Continental TireSystem aftermarket equipment.

Continental claims its run-flat tire, if punctured, can be driven about 180 miles at up to 50 mph.

Ford to pump \$6 billion into plants

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Ford Motor Co. plans to spend a record \$6 billion on capital expenditures for facilities and tooling in 1989 as it expands and improves its plants for an array of new products.

The \$6 billion compares to the \$4.8 billion Ford spent in 1988 and the estimated \$7 billion that General Motors will spend in 1989, according to automotive analysts.

Ford's capital expenditures were \$2.7 billion in the first half of 1989, compared with GM's \$3 billion.

Ford is plowing money back into its present plants instead of building new assembly sites. GM, on the other hand, is shifting its money to products.

GM did most of its plant construction and renovation earlier in the decade and invested heavily in high technology. GM's Saturn plant in Spring Hill, Tenn., is its only new construction project.

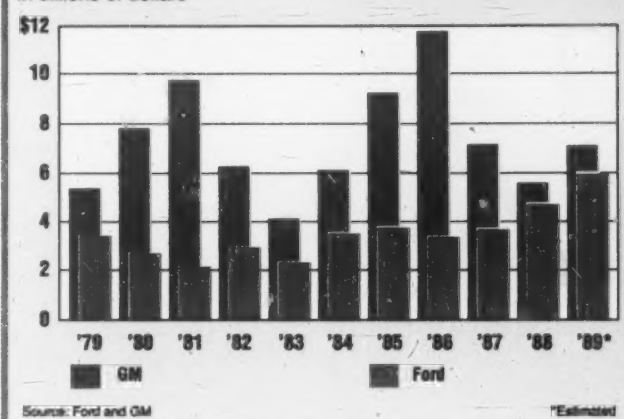
Ford executives have said the company would rather expand and improve existing facilities than build new ones. In fact, Ford's top executives call the reinvestment strategy "new plants at old addresses."

Philip E. Benton, president of the Ford automotive group, told a Traverse City, Mich., automotive conference in August that Ford will make "whatever commitment of resources it takes to become the low-cost producer of high-quality cars and trucks."

One example is Ford's new,

Capital investments

Ford and GM annual investments in plants and special tools, in billions of dollars



AUTOMOTIVE NEWS / CHARLOTTE WRITER

small-car program in which Ford expanded and improved two plants to build the 1991 Escort and Tracer at a cost of \$1.5 billion (facilities and tooling).

That included \$600 million in improvements at its stamping and assembly plant in Wayne, Mich., and \$260 million in improvements at its plant in Hermosillo, Mexico, according to Ford.

Some Ranger production will be transferred from the Louisville, Ky., light-truck plant to Edison, N.J., in 1990 to make way for the

new four-door and two-door Explorer sport-utility models. The Explorer will replace the Bronco II.

Ford said it is spending \$260 million to expand and retool the Louisville plant for the Explorer.

The entire Explorer project is expected to cost \$563 million, including the expansion and retooling at Louisville, according to the company. It will also spend \$285 million to retool the Edison, N.J.,

see FORD, page 37

Active suspension now a two-team race

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Mercedes-Benz is likely to introduce a microprocessor-based active suspension on its new SL roadster for the 1991 model year.

The timing suggests there will be a tight race between Mercedes and General Motors' Lotus Engineering to be first on the market with what some think will be the most important new automotive technology of the 1990s.

GM has not announced its active-suspension plans, but speculation points to initial use on the 1991 Corvette, followed by a Cadillac model.

Mercedes executives usually take the public position that they are not as keen on being first as being

best when talking about technical innovations such as active suspension. But a high-ranking company official said, "In this case, we can be first and best."

In principle, the Mercedes active suspension is similar to that under development by Lotus, which is generally acknowledged as the leader in the new ride and handling technology.

With the microprocessor-based system, conventional springs and coils are replaced by hydraulic rams on each wheel. The jacks are instantaneously extended or retracted by computer-controlled valves to raise wheels over road imperfections as well as balance understeer and oversteer and minimize pitch and yaw movements.

Group Lotus Managing Director

Michael Kimberley said in a recent interview with Automotive News that Lotus Engineering still leads the world in active-suspension development and that one of its clients, GM, should be first on the market.

But Kimberley conceded that the race to equip a production car is heating up. "I know that there are companies around the world pushing hard who are not working with us," he said.

Lotus has several active-suspension clients besides GM. They include Volvo and Chrysler. Kimberley said Lotus has fitted systems on at least 13 products, including military vehicles.

The Mercedes insider said active see ACTIVE, page 37

Laforza buys out its British co-owner

By Luca Ciferri
STAFF CORRESPONDENT

TURIN, Italy — Laforza Automobiles has bought back the 50 percent stake in the company owned by Britain's Eagle Trust holding company.

Laforza produces a luxury four-wheel-drive sport-utility vehicle.

Joe Monterosso, founder and chief executive of Laforza, and three business partners now own 100 percent of the company.

The deal followed negotiations in London last week with Eagle Trust executives, led by Chairman Malcolm Stockdale.

Eagle Trust was recently cleared by Britain's Serious Fraud Office following allegations of fraud in connection with its Laforza holdings.

"With the current situation at Eagle Trust... I felt that, unless

Eagle was prepared to finance and support the Laforza projects as they had originally agreed to do, we should be allowed the opportunity to secure a new partner for the future," Monterosso told Automotive News.

Stockdale said in London, "While the directors of Eagle Trust share my enthusiasm for Laforza, we felt it was in the best interest of our stockholders and financial partners to divest Laforza Automobiles from the company's holding."

Monterosso would not reveal financial details of the buyback.

Monterosso said production of 1990 Laforzas will start in early November and is expected to reach 1,500 units.

The new model, which features suspension improvements including fiberglass leaf springs, will be



Laforza price will rise 6-8 percent.

priced 6 to 8 percent higher than the 1989 tag of \$45,850.

The U.S. sales network, now 40 dealers, will rise to 50 in 1990, Monterosso said.

U.S. dealers have received about 200 units and sold about half, he said.

Future plans include a new luxury sports-utility to be introduced in 1991 or 1992.

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OPINION

Starting the model year with a thud

The new model year gets off to a predictable thud this week. And imagine this: Rebates have already been slapped on some brand-new 1990 models.

When the automakers cut the price of a car even before consumers have had the opportunity to ignore that car, the consumers get a clear message: Sticker prices are a joke, and rebates are a scam.

How else can you explain price hikes of 5 and 10 percent, coinciding with big signs in dealerships advertising a \$1,000 rebate?

General Motors didn't even pretend that its retail prices were real. It went back to the rebate trough even while its confusing set of incentives called "The Big Easy" was helping dealers clear out their summer overstocks.

GM acknowledges that the automakers have trained buyers so they won't enter the showroom without the promise of a \$1,000 check. The trouble is, the consumer knows for a fact that the sticker price is at least \$1,000 too high.

Dealers — who would prefer cash to themselves rather than directly to consumers — loudly denounce rebates. Manufacturers say they hate rebates. But customer incen-

tives have become like the weather. Everyone talks about them, but nobody does anything about them.

That's not quite true. Volkswagen United States is reducing prices, scrapping consumer rebates and even working on paying good salespeople for their good work. It is a strategy born of desperation for the once-dominant importer. But it's a good idea.

Meanwhile, the Chevrolet Lumina, GM's big hope for the important moderate-priced family sedan segment, already carries the stigma of a rebate almost before the paint is dry.

By the way, how do we know that the new sales year will get off to a thud? That's Big Easy. After building too many cars in the first half of 1989, the automakers sold off the big inventories in an August-September fire sale.

It worked, in a way. Sales picked up after a sluggish first half. But those sales came from savvy consumers who realized that the fire sale was a great time to pick up an affordable car and to avoid the price hikes of October.

So October will get the new-model introduction off to a snail's start, rebates or no.

Happy New Year.

LETTERBOX

A vote for top dollar

In response to your opinion article, "Top dollar may not be best dollar," in your Sept. 11 issue: Every time I pick up an Automotive News or any other auto publication, it is doom and gloom. Sales off, inventories high and a return on sales before tax of under 2 percent for dealers.

Now that Mazda and Chevrolet have two hot models in the Miata and ZR-1, which are experiencing that rare economic occurrence for car dealers where demand exceeds supply, you suggest we ignore the natural response to this condition of making an upward price adjustment because the immediate dollar benefits may not be as great as the long-range advantages.

Apparently you don't read what you write. Unless dealers find a way to generate more income at a lower expense, many of us won't be around to realize the long-term advantages.

The intangibles of good will and public relations have nothing to do with the price a vehicle is sold for. It is the manner in which the customer was handled before, during and after the sale that makes for positive customer response.

Price doesn't sell cars... people do. And, as is proven time and time again, those customers who pay the dealer a sizable gross profit are those who are most satisfied.

Jon Shultz
President

Holiday Oldsmobile-Mazda
San Bernardino, Calif.

Remember supply and demand

Whatever happened to the law of supply and demand?

Based on your editorial, "Top dollar may not be best dollar," it sounds as if you feel that the law of supply and demand is only one-sided... one-sided for the customer.

If, however, you feel that it should be two-sided, then please tell us how to get customers, who will buy our slow-moving cars only if they're at a bargain, to pay manufacturer's suggested retail price. Then I think Chevrolet and Mazda dealers would probably agree with your editorial.

Your article makes me think you've been around Washington too much — if it's

We invite letters from our readers. Unsigned letters will not be considered, but you may sign your name with the assurance that it will not be used if you so request. Address letters to: Letterbox, Automotive News, 1400 Woodbridge Ave., Detroit, MI 48207. Our fax number is (313) 446-0383.



in the customer's favor, it's good; but if it's in business' favor, it's bad.

Of course, you could encourage things to be even more one-sided and we won't need your magazine anymore because we'll all be out of business.

Paul Ciener
Paul Ciener Ford
Kernersville, N.C.

Who's on first?

On Aug. 9, the Wall Street Journal carried a full-page ad reporting the 1987, 1988 and 1989 results of the J.D. Power Customer Satisfaction Index for automobiles. Not surprisingly, Acura, Mercedes-Benz and Honda continue to occupy the top three spots.

True to the old saying, "Figures don't lie — but liars do figure," a July issue of Automotive News carried another full-page ad claiming Nissan, not Acura, is No. 1 in the J.D. Power survey!

Of course, Nissan is reporting the 1989 J.D. Power Initial Quality Survey for Asian imports (... among brown, 4-door, 6-cylinder models built after May 3, on the day shift, etc., etc.).

In other words, some innocuous combination of data, when taken out of context, will prove the claimant's superiority.

J.D. Power and Associates should take steps to protect the credibility of the venerable Customer Satisfaction Index. This rating has become a useful "qualifier" to guide customer purchase decisions, as well

as a noble objective for the manufacturer to aspire to.

Unfortunately, the sort of statistical deception that Nissan utilized in its Automotive News advertisement both exploits the J.D. Power reputation and degrades the credibility of the CSI.

Nissan and others should obtain gains in customer satisfaction the "old-fashioned way," they should earn them!

R.G. Hoffman
Brea, Calif.

No smoking, no Ford

A couple of months ago, Automotive News carried an article that said Ford Motor Co. has banned all smoking in its facilities. Since then, I've spoken with friends and associates, smokers and non-smokers alike, and we've decided that we will not, under any circumstances, consider the purchase of a Ford product.

Reason: Ford has adopted a program of discrimination that affects about a third of the population, those who choose to exercise their freedom to smoke.

It is only fair to assume Ford can therefore get along without that segment of the population as customers.

Shouldn't common sense prevail in these circumstances? Wouldn't it be fair to provide smoking and non-smoking areas in Ford's offices and plants for employees and guests?

Dick Corl
Anaheim, Calif.

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